

BUDGET OVERVIEW

Total Budget Appropriation

Sedona's total budget appropriation is comprised of five major elements: the *General Fund* or *operating budget* for on-going service expenses, the *Street Fund* for expenses on major street, drainage and right-of way improvements, the *Capital Fund* for expenses related to construction and/or acquisition of capital assets, *Grants Fund* for expenses incurred by the City on any state or federal grant and the *Enterprise Fund* for expenses for sewer related improvements and debt service.

The total appropriation for fiscal year 2009-10 decreased by approximately 19 percent from \$55,099,793 million to \$44,522,917.

The General Fund budget, the best measure of the cost of services to citizens, has decreased from \$13,243,652 million to \$ 11,889,294 million this year. The City experienced decreases in local sales taxes and bed taxes compared to the increase experienced in the prior fiscal years. In response and preparation for expected impacts to sales tax revenue performance, the City Council carefully reviewed the budget. In prior years the City Council approved a policy to review all vacant positions for possible reorganization or elimination and has started the process of reviewing contracts for funding of outside agencies in this current budget.

The City continues to update our long-term financial plan. As in previous years, review of the long-term fiscal outlook remains the same; it is evident that the City will need to aggressively look to provide new funding sources in order to avoid reductions in services. Staff and City Council are continuing the process of evaluating and prioritizing capital and programming needs and identifying possible funding strategies for those priorities. This long-term strategy will assist the City in developing programs and funding capital projects in a way to maintain a financially stable environment in the City for years to come.

A further explanation of these budget components follows in this section.

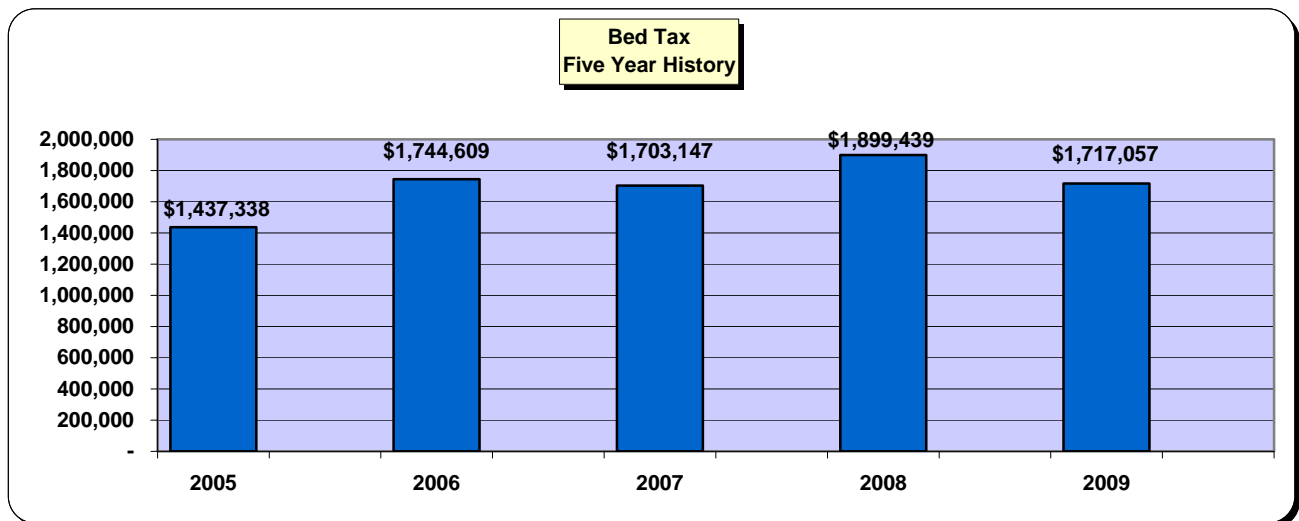
Operating Revenues

Revenue determines Sedona's capacity to provide departmental or direct services to our citizens. One unique aspect of the City's revenue is the significant reliance on sales tax and state shared revenue to fund operations. The City has never levied property tax.

The City of Sedona has experienced approximately 4.9 percent (avg.) growth in sales taxes over the last five years



and approximately 9 percent (avg.) growth in bed tax over the same time period.



However, the City is experiencing a decline of sales and bed tax revenue receipts. The receipts for Bed Tax are still affected by businesses reporting *sales* tax to the bed tax category. The City continues to work to educate businesses and correct the errors in categorizations.

Local Taxes are comprised of sales tax (\$12,014,040 million), bed tax (\$1,766,478 million), franchise fees (\$654,559 thousand), and impact fees/community facility district fees (\$655,235 thousand).

The *local privilege tax* (sales tax) is the City's largest single source of revenue and is obtained from the 3 percent tax on retail and other sales, excluding food. The sales tax has three major uses. General City operations are funded with 1.12 percent of the tax. Capital improvements in the City are funded by .5 percent. Wastewater Debt and capital expenditures are paid with the remaining 1.38 percent. The City has experienced a minimal decrease in sales tax growth this past year, and anticipates a minimal reduction

to continue as a result of the economy and the construction impacts from the project on State Route 179, a major access route to the City. Sales tax receipts are projected to remain flat with the prior year projections in 2009/10.

The *bed tax* is the City's second largest source of revenue and is obtained from the 3 percent tax on lodging. General City operations are funded by the tax. Bed tax receipts are projected to remain flat with the prior year projections in 2009/10.

The *franchise fees* are paid by Unisource Energy Services (gas), Arizona Public Service (electric), Sedona Cable, and Arizona and Oak Creek Water Companies. A percent of gross revenues are levied on these companies. The revenue raised from franchise fees is used to fund street maintenance, drainage and other general infrastructure maintenance. Franchise receipts are projected to remain flat with the prior year projections in 2009/10.

The *impact fees* are paid by new development and *community facility district fees* are paid by timeshares in lieu of bed tax (timeshares are exempt from bed and sales tax in Arizona except on a "day by day" rental basis). Since 1998, the City has levied impact fees and community facility district fees. Impact fees were increased in 2007 and anticipated as a funding source in this budget.

Intergovernmental

Revenues include the state sales tax and income tax collection, which are shared with cities and towns, based upon population.

Cities and towns share in a portion of the undedicated 5 percent sales tax collected by the state. Fifty percent is retained by the state, 40 percent designated for schools and the remaining 10 percent allocated to cities and towns. Cities and towns in Arizona are prohibited from levying an income tax, but are entitled to 15 percent of state income tax collected from two years previous.

The formula for distributing these taxes is based on the relation of the City's population to the total state population. The State Department of Revenue collects, distributes funds, and provides revenue forecasts to cities and towns for these revenue sources. The 2009/10 budget estimates a decrease in state income tax at 14 percent and a decrease in shared sales tax of 15 percent.

Transportation revenues include highway user revenue tax (HURF- Gas Tax) and local transportation assistance funds (LTAF- State Lottery) and vehicle license taxes collected by the state. A state constitutional restriction on use of the HURF requires the funds to be used solely for street and highway purposes. The fiscal year 2009/10 budget estimates a decrease of 26 percent in state-shared HURF and no change in LTAF revenues. These changes are primarily related to the City's population not increasing at the state average.

HURF revenues are distributed based on population of each City and a portion distributed based upon the county of origin for the sale of the fuel. The current gas tax is 18 cents per gallon. Sedona and other cities sharing 27.5 percent of the state collected highway user revenue.

LTAF revenue is distributed based upon population and city and town participation in the lottery. LTAF revenue sharing was capped in 1989 by the state legislature resulting in no growth in this source of revenue.

Vehicle License Taxes are another state revenue source. The City receives its share of the vehicle license tax collected based upon its population in relation to the total incorporated population of the county. Historically, this revenue source has been volatile but shown steady increases.

Capital Fund

The Capital Fund uses revenue from sales tax, impact fees, grants, borrowing and transfers from other funds. The annual Flexible Capital Improvement Budget is primarily funded by pay-as-you-go revenue from the .5 percent sales tax & one-time revenue sources such as grants.

All capital improvement projects are evaluated using a prioritization system to determine their funding level on an annual basis. These projects are then matched with estimated revenue to develop the City's Flexible Capital Budget. The 2009/10 budget for the capital fund is appropriated at \$5.2 million including information technology improvements. This budget includes revenue from the sale of excise tax bonds for State Route 179 improvements and other drainage projects.

Enterprise Funds

This represents the largest revenue source for the City. The fund is comprised of wastewater user fees, capacity fees and sales tax and bond revenues.

Wastewater User Fees are generated from the \$32.54 monthly fee per equivalent residential unit. Since starting major sewer extensions in 1995-96, the City has experienced consistent growth in user fees. The City will be extending the system to additional properties as the sewer lines are extended. *Capacity Fee* revenues are collected from the one time \$5,150 fee per equivalent residential unit required for residents and businesses to connect to the sewer. Fees are used to offset debt expenses for wastewater treatment plant capacity improvements.

Sales Tax revenues come from the 1.38 percent sales tax. The sales tax pays for the debt

service on debt the City has incurred upgrading treatment capacity at the wastewater plant and extending sewer lines.

Department/Direct Service Expenditure

Sedona's operating expenditures are comprised of fourteen separate departments. Salary and wages have decreased by an average of 15 percent in this budget, due to freezing of vacant positions and the merit, cola and flex pay-outs for employees have been eliminated.

General Fund - Where the Money Goes

The *General Fund* consists of thirteen departments with fifty-seven programs spread through out the fund for all of the City's key operational expenditures. The General Fund is decreasing from \$13,243,652 million to \$11,889,294 million. The General Fund budget is decreasing approximately 12 percent. The decrease is partially tied to eliminating employee benefits, and voluntary deductions from each department with minimal impacts on service levels. The City has continued its participation in the destination-marketing program and the agreement with Northern Arizona Intergovernmental Public Transportation Authority (NAIPTA) for the implementation and operation of the public shuttle program.

Flexible Capital Improvement Budget - Where the Money Goes

The Flexible Capital Improvement Budget is a process not a plan. Sedona is reviewing its Capital improvement schedule and incorporating a five-year planning approach. Projects are prioritized and that list is then used by the City Council to develop the annual budget and project financial needs out over five years.

The Flexible Capital Improvement Budget is comprised of six major programs: Information Systems, Park and Recreation, General Services, Public Works, Arts and Culture and Police. Expenditures are presented on a budget basis rather than a cash flow basis. Governmental accounting procedures require adequate budget to pay for the entire contract to be available and appropriated in the period in which a contract is entered. However, actual cash expenditures under the contract may take place over more than one period. This is the major cause for actual expenditures being less than budgeted expenditures.

Parks and Recreation Program provides funds for park and trail improvements. The Capital program includes improvements to the Parks area and funding for the addition of Barbara's Park.

Community Development Program provides funds for the continuation of service and construction of a joint facility to house the transit vehicles for the Shuttle system.

Public Works Program addresses major infrastructure projects. This program represents the largest expenditure in the Flexible Capital Improvement Budget. Projects focus on the drainage improvements, construction of sidewalks and intersection reconstruction, additional fire hydrants, and funding for design in preparation for construction of future projects.

Police Program is for the on-going replacement of police vehicles. Currently Sedona replaces police vehicles on a three-year cycle. This cycle will be reviewed in this fiscal year.

Information Systems Capital Fund address the hardware and software needs for the City's electronic infrastructure. Hardware purchases are budgeted for upgrading computers in departments on a scheduled basis.

Arts and Culture Capital Fund provides funds for Arts in Public Places projects. The director for Arts and Culture in consultation with the Arts and Culture Commission determines the designation of these funds.

Citizen Impacts

Utility User Fees are monthly fees charged for sewer service. The fees represent the cost for operation, maintenance, and a portion of debt service on the wastewater plant. The current fee is \$32.54 per Equivalent Residential Unit. This fee **has not increased since 1997**. The 2009/10 budget does not propose an increase in fees, however it does include a Wastewater Fee Study to be completed.

Capacity Fees are the one-time connection cost for customers to connect to the sewer. The capacity fees represent the cost for providing sewer plant capacity. The current fees have increased from \$5,025 to \$5,150 per equivalent residential unit on July 1, 2009 per City ordinance.

The *Sales Tax* rate has been 3 percent since 1996. The budget does not propose any increase in this rate.

Sedona Comprehensive Financial Policies

The following City financial policies establish the framework for Sedona's overall fiscal planning and management. They set forth the guidelines against which current budgetary performance can be measured and proposals for future programs can be evaluated. Sedona's publicly adopted financial policies show the credit rating industry and prospective investors (bond buyers) the City's commitment to sound financial management and fiscal integrity. The financial policies also improve the City's fiscal stability by helping City officials plan fiscal strategy with a consistent approach. Adherence to adopted financial policies promotes sound financial management, which can lead to improvement in City bond ratings and lower cost of capital.

Operating Management Policies

1. All departments will share in the responsibility of meeting policy goals and ensuring long-term financial health. Future service plans and program initiatives will be developed to reflect current policy directives, projected resources and future service requirements.
2. The budget process is intended to weigh all competing requests for City resources, within expected fiscal constraints. Requests for new, ongoing programs made outside the budget process will be discouraged.
3. Addition of personnel will only be requested to meet strategic plan objectives, program initiatives and policy directives after service needs have been thoroughly examined and it is substantiated that additional staffing will result in increased revenue or enhanced operating efficiencies. To the extent feasible, personnel cost reductions will be achieved through attrition.
4. Current expenditures will be funded by current revenue and reserves if sufficient reserves exist.
5. No revenues will be dedicated for specific purposes (except .5 cent sales tax for capital improvements), unless required by law or generally accepted accounting practices (GAAP). All non-restricted revenues will be deposited in the General Fund and appropriated by the budget process.
6. Development fees for capital expenses attributable to new development will be reviewed every three years to ensure that fees match development-related expenses.

7. Grant funding should be considered to leverage city funds. Inconsistent and/or fluctuating grants should not be used to fund ongoing programs. Programs financed with grant moneys will be budgeted in a separate fund, and the service program will be adjusted to reflect the level of available funding. In the event of reduced grant funding, city resources will be substituted only after all program priorities and alternatives are considered during the budget process.
8. Balanced revenue and expenditure forecasts will be prepared to examine the City's ability to absorb operating costs due to changes in the economy, service demands, and capital improvements. The forecast will encompass five years and will be updated annually.
9. Cash and investment programs will be maintained in accordance with the adopted investment policy. City funds will be managed in a prudent and diligent manner with an emphasis on safety of principal, liquidity, and financial return on principal, in that order.
10. The City will follow an aggressive, but humane, policy of collecting revenues. All adjusted uncollectible accounts will be pursued to the limit of collection ability.

Capital Management Policies

1. The capital improvement plan will include, in addition to current operating maintenance expenditures, adequate funding to support repair and replacement of deteriorating infrastructure and avoidance of a significant unfunded liability.
2. Future operating, maintenance, and replacement costs associated with new capital improvements will be forecast, matched to available revenue sources, and included in the Operating Budget.

Debt Management Policy

1. The City will use debt to finance capital projects according to the priorities established by the City. The capital projects to be financed should have an economic average life of at least five years. The City will attempt to use a

pay-as-you-go method prior to issuing debt for this purpose.

2. The City will strive to maintain or improve its credit ratings, although not at the expense of significantly delaying important capital projects.
3. The City will utilize the most cost-effective financing strategies available while still maintaining flexibility for future project financing. This includes investigating other financing alternatives such as state or federal aid or using new financing techniques.
4. The City will utilize realistic, but conservative assumptions for structuring its bonding program with regard to future revenue growth, interest rates, project costs, etc.
5. The City will endeavor to maintain an open line of communication between the rating agencies and the marketplace in general, in part by providing full on-going financial disclosure as required by law.
6. The City will follow prudent borrowing principals and not engage in any transactions involving significant market risk.
7. Improvement District and Community Facility District Bonds shall be issued only when there is a general city benefit. Both ID and CFD bonds will be utilized only when it is expected that they will be issued for their full term. It is intended that Improvement District and Community Facility District bonds will be primarily issued for existing neighborhoods desiring improvements to their property such as roads, sewer lines, streetlights, and drainage.
 1. Improvement District debt will be permitted only when the full cash value of the property to debt ratio (prior to improvements being installed) is a minimum of 3/1 prior to issuance of debt and 5/1 or higher after construction of improvements. These ratios will be verified by an appraisal paid for by the applicant and administered by the City. In addition, the City's cumulative improvement district debt will not exceed 5 percent of the city's secondary assessed valuation. Bonds issued to finance improvement district projects will not have maturities longer than ten years.

1. An Economic Stabilization Reserve will be maintained as part of the General Fund balance to help offset operating revenue sources which are most susceptible to changes in the economy. The ultimate goal is for the Economic Stabilization Reserve balance to be maintained at 50 percent of annual general governmental (General/HURF funds) operating expenditures.
2. Sewer Replacement and Extension Reserve will be maintained to ensure adequate funding for infrastructure deterioration repair.
3. Contingency reserves to be determined annually will be maintained to offset unanticipated revenue shortfalls and/or unexpected expenditure increases. Contingency reserves may also be used for unanticipated and/or inadequately budgeted events threatening the public health or safety. Use of contingency funds should be utilized only after all budget sources have been examined for available funds.
4. Excess reserves will be used for one-time expenditures such as capital improvements, technology improvements and debt reduction strategies.

Financial Reporting Policies

1. The City's accounting and financial reporting systems will be maintained in conformance with generally accepted accounting principles (GAAP) and standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officer Association (GFOA).
2. An annual audit will be performed by an independent public accounting firm, with an audit opinion to be included with the City's published Comprehensive Annual Financial Report (CAFR).
3. The City's CAFR will be submitted to the GFOA Certification of Achievement for Excellence in Financial Reporting Program. The financial report should be in conformity with GAAP, demonstrate compliance with finance related legal and contractual provisions, disclose thoroughness and detail sufficiency, and minimize ambiguities and potentials for misleading inference.
4. Financial systems will be maintained to monitor revenues, expenditures, and program performance on an ongoing basis.

FINANCIAL SUMMARIES

This section provides financial summaries of the City's overall expenditure budget and revenues for the City's major funds. A five-year financial forecast is also included in this section.

2009/10 BUDGET SUMMARY

This is a summary of the projected revenues compared to the budgeted expenditures.

SCHEDULE A & E

Schedule A reflects the summary schedule of estimated revenues and expenditures for the total budget.

Schedule E reflects the summary of each department and fund expenditure budget.

GENERAL FUND REVENUES

This is a summary of major sources of revenues in the General Fund. The table shows that local sales and bed taxes represent approximately 58% of the estimated revenues and state shared revenues represent approximately 20% of the estimated revenues.

STREET FUND REVENUES

This is a summary of major sources of revenues in the Streets Fund. The Streets Fund is restricted to expenditures for road and right-of-way improvements.

DEVELOPMENT IMPACT FEES

This is a summary of major sources of revenues in the Development Impact Fees Fund. Development Impact Fees are collected for storm drainage, public facilities, parks, law enforcement and streets & signals.

CAPITAL IMPROVEMENT REVENUES

This is a summary of major sources of revenues in the Capital Improvement Fund. Local sales taxes comprise the major source of revenue for this Fund.

ENTERPRISE FUND REVENUES

This is a summary of major sources of revenues in the Wastewater Fund. The primary sources of revenue are local sales taxes, user fees and capacity fees.

FY 2009-2010 BUDGET SUMMARY

	Tax Revenue	Licenses/ Permits	Grants/IGA's/ Donations	Service Charges	"Other" Revenue	FY2009-10 Collections	BOND Draws	Reserves	Interfund Transfers		Un appropriated	Budgeted Expenses
									IN	OUT		
CITY COUNCIL				0	0	0						68,401
CITY MANAGER				0	0	0						444,449
HUMAN RESOURCES				0	0	0						1,652,629
FINANCIAL SERVICES				0	0	0						191,564
INFORMATION TECHNOLOGY				2,863	0	2,863						457,173
LEGAL				0	0	0						420,848
CITY CLERK		15,000		0	0	15,000						259,216
PARKS & RECREATION				46,440	4,900	51,340						659,442
GENERAL SERVICES				60	508,500	508,560		338,682	124,000	(100,622)		2,401,348
<i>Spendable Contingency</i>								583,749				583,749
<i>Legal Contingency</i>								100,000				100,000
COMMUNITY DEVELOPMENT		169,545		69,067	0	238,612				(1,600)		1,124,648
PUBLIC WORKS				2,436	0	2,436						492,821
ARTS & CULTURE				0	0	0			50,000			195,000
POLICE DEPARTMENT				37,268	0	37,268				(25,000)		2,498,067
MUNICIPAL COURT				286,500	12,600	299,100						339,939
GENERAL FUND TOTALS:	9,664,906	184,545	0	444,634	526,000	10,820,085	0	1,022,431	174,000	(127,222)	0	11,889,294
STREETS FUND	835,438				82,114	917,552		711,450		(4,000)		1,625,002
GRANT FUND			2,589,631		0	2,589,631			26,600			2,616,231
P.A.N.T. FUND			1,401,264			1,401,264						1,401,264
ARTS FUND					2,200	2,200		92,800	30,000	(25,000)		100,000
DEVELOPMENT IMPACT FEES FUND		326,602			85,898	412,500				(412,500)		0
I. T. CAPITAL FUND					0	0			340,555			340,555
CAPITAL IMPROVEMENT FUND	2,002,340		1,180,000		150,000	3,332,340	1,435,084	136,861	589,122	(285,555)		5,207,852
SPECIAL IMPROVEMENT DISTRICT				0	0	0						0
COMMUNITY FACILITY FUND-SUMMIT		100,000			7,000	107,000		45,250		(146,750)		5,500
COMMUNITY FACILITY FUND-FAIRFIELD		100,000			35,735	135,735		34,285		(144,250)		25,770
WASTEWATER FUND	5,526,458	883		3,502,047	960,495	9,989,883	5,129,609	6,204,656	20,000	(35,000)		21,309,149
CARRUTH FUND					0	0		2,300				2,300
ALL OTHER FUND TOTALS:	8,364,236	527,485	5,170,895	3,502,047	1,323,442	18,888,106	6,564,693	7,227,602	1,006,277	(1,053,055)	0	32,633,623
TOTAL ALL FUNDS:	18,029,143	712,030	5,170,895	3,946,681	1,849,442	29,708,192	6,564,693	8,250,033	1,180,277	(1,180,277)	0	44,522,917



*** Other Revenue:

P&R Facility Rental	1,200	Development Impact Fees - Interest Income	85,898
P&R Utility Reimbursement	3,200		
P&R Pool Rental	500	Capital Fund - Interest Income	150,000
General Services - Interest Income	461,000		
General Services - Misc	47,500	Wastewater Fund - Interest Income	839,334
Municipal Court - Recovery of Legal Fees	12,600	Wastewater Fund - WIFA	121,161
Streets Fund - Interest Income	82,114	CFD (S) - Interest	7,000
Arts Fund - Interest	2,200	CFD (F) - Interest	35,735

➤ BOND Monies

SR 179 Utility Underground
Chapel Area - Storm Drainage Improvement
Harmony/Windsong Drives Area Storm Drainage Improvements
Chapel Area 1A Sewer Collection System Project
Chapel Area Sewer Collection System Project
Major Pump Stations

CITY/TOWN OF SEDONA
Summary Schedule of Estimated Revenues and Expenditures/Expenses
Fiscal Year 2010

FUND	ADOPTED BUDGETED EXPENDITURES/ EXPENSES* 2009	ACTUAL EXPENDITURES/ EXPENSES ** 2009	FUND BALANCE/ NET ASSETS*** July 1, 2009**	PROPERTY TAX REVENUES 2010	ESTIMATED REVENUES OTHER THAN PROPERTY TAXES 2010	OTHER FINANCING 2010		INTERFUND TRANSFERS 2010		TOTAL FINANCIAL RESOURCES AVAILABLE 2010	BUDGETED EXPENDITURES/ EXPENSES 2010
						SOURCES	<USES>	IN	<OUT>		
1. General Fund	\$ 13,243,652	\$ 11,979,230	\$ 1,022,431	Primary:	\$ 10,820,085	\$	\$	\$ 174,000	\$ 127,222	\$ 11,889,294	\$ 11,889,294
2. Special Revenue Funds	4,635,563	3,462,881	790,985	Secondary:	5,563,684			26,600	707,500	5,673,769	5,673,767
3. Debt Service Funds Available	268,375	268,315									
4. Less: Designation for Future Debt Retirement											
5. Total Debt Service Funds	268,375	268,315									
6. Capital Projects Funds	12,153,109	3,786,861	229,661		3,334,540	1,435,084	1,435,084	959,677	310,555	4,213,323	5,648,407
7. Permanent Funds											
8. Enterprise Funds Available	24,799,094	18,105,637	6,204,656		9,989,883	5,129,609	5,129,609	20,000	35,000	16,179,539	21,309,149
9. Less: Designation for Future Debt Retirement											
10. Total Enterprise Funds	24,799,094	18,105,637	6,204,656		9,989,883	5,129,609	5,129,609	20,000	35,000	16,179,539	21,309,149
11. Internal Service Funds			2,300							2,300	2,300
12. TOTAL ALL FUNDS	\$ 55,099,793	\$ 37,602,924	\$ 8,250,033	\$	\$ 29,708,192	\$ 6,564,693	\$ 6,564,693	\$ 1,180,277	\$ 1,180,277	\$ 37,958,225	\$ 44,522,917

EXPENDITURE LIMITATION COMPARISON

1. Budgeted expenditures/expenses
2. Add/subtract: estimated net reconciling items
3. Budgeted expenditures/expenses adjusted for reconciling items
4. Less: estimated exclusions
5. Amount subject to the expenditure limitation
6. EEC or voter-approved alternative expenditure limitation

2009	2010
\$ 55,099,793	\$ 44,522,917
55,099,793	44,522,917
\$ 55,099,793	\$ 44,522,917
\$	\$

☒ The city/town does not levy property taxes and does not have special assessment districts for which property taxes are levied. Therefore, Schedule B has been omitted.

* Includes Expenditure/Expense Adjustments Approved in current year from Schedule E.

** Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.

*** Amounts in this column represent Fund Balance/Net Asset amounts except for amounts invested in capital assets, net of related debt, and reserved/restricted amounts established as offsets to assets presented for informational purposes (i.e., prepaids, inventory, etc.).

CITY/TOWN OF SEDONA
Summary by Department of Expenditures/Expenses Within Each Fund Type
Fiscal Year 2010

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2009	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2009	ACTUAL EXPENDITURES/ EXPENSES* 2009	BUDGETED EXPENDITURES/ EXPENSES 2010
GENERAL FUND				
City Council	\$ 102,490	\$	\$ 76,329	\$ 68,401
City Manager	464,547		372,874	444,449
Human Resources	1,792,895		1,753,425	1,652,629
Financial Services	206,620		197,108	191,564
Information Technology	495,868		430,883	457,173
Legal	480,773		443,935	420,848
City Clerk	233,117		208,749	259,216
Parks & Recreation	788,617		700,103	659,442
General Services	2,701,758	100,000	2,803,571	2,401,348
Contingency	425,000	(100,000)		683,749
Community Development	1,664,561		1,426,687	1,124,648
Public Works	471,771		375,688	492,821
Arts & Culture	286,744		284,054	195,000
Police Department	2,778,514		2,585,849	2,498,067
Municipal Court	350,377		319,975	339,939
Total General Fund	\$ 13,243,652	\$	\$ 11,979,230	\$ 11,889,294
SPECIAL REVENUE FUNDS				
Streets Fund	\$ 1,974,001	\$	\$ 1,862,382	\$ 1,625,002
Grants Fund	1,580,117		597,174	2,616,231
P.A.N.T. Fund (Partners Against Nar	670,871		637,496	1,401,264
Development Impact Fees Fund	-	267,500	267,500	
Community Facilities District Fund	143,074		98,329	31,270
Total Special Revenue Funds	\$ 4,368,063	\$ 267,500	\$ 3,462,881	\$ 5,673,767
DEBT SERVICE FUNDS				
Jordan Park Special Improvemen	\$ 268,375	\$	\$ 268,315	\$
Total Debt Service Funds	\$ 268,375	\$	\$ 268,315	\$
CAPITAL PROJECTS FUNDS				
Capital Improvement Fund	\$ 11,882,812	\$ (267,500)	\$ 3,563,979	\$ 5,208,452
Information Technology Capital Fund	487,797		218,432	339,955
Art In Public Places Fund	50,000		4,450	100,000
Total Capital Projects Funds	\$ 12,420,609	\$ (267,500)	\$ 3,786,861	\$ 5,648,407
PERMANENT FUNDS				
	\$	\$	\$	\$
Total Permanent Funds	\$	\$	\$	\$
ENTERPRISE FUNDS				
Wastewater - Operations/Plant/Di	\$ 9,708,668	\$	\$ 8,786,910	\$ 9,149,240
Wastewater - Construction	15,090,426		9,318,727	12,159,909
Total Enterprise Funds	\$ 24,799,094	\$	\$ 18,105,637	\$ 21,309,149
INTERNAL SERVICE FUNDS				
Carruth/Parks Trust Fund	-			2,300
Total Internal Service Funds	\$	\$	\$	\$ 2,300
TOTAL ALL FUNDS	\$ 55,099,793	\$	\$ 37,602,924	\$ 44,522,917

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

GENERAL FUND	REVENUES
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General Fund - Revenues - By Source

Revenue Sources:	2007-2008 Actual	2008-2009 Budget	Estimated	2009-2010 Adopted
Taxes:				
Bed Tax	\$ 1,899,439	\$ 1,735,000	\$ 1,766,478	\$ 1,766,478
City Sales Tax	4,612,548	4,399,443	4,485,242	4,485,242
Franchises	667,237	690,015	654,559	654,559
Intergovernmental:				
State Income Tax	1,538,883	1,611,980	1,538,883	1,411,781
State Sales Tax	1,004,970	989,044	894,423	840,688
Motor Vehicle Tax	591,421	590,702	566,027	506,158
Fines and Forfeitures:				
Municipal Court	368,786	353,163	230,000	286,500
Police Department	28,800	25,000	26,100	25,000
Community Development	604	1,244	939	850
Charges for Services:				
Recreation Fees	39,088	23,629	46,440	46,440
Community Development	92,227	64,088	66,509	68,217
Police Department	8,864	6,384	58,270	12,268
IT Division	8,287	6,726	2,863	2,863
Other	1,262	349	60	60
Licenses and Permits:				
Business Registration	37,125	38,883	18,280	15,000
Community Development	163,978	174,462	215,808	169,545
Public Works	3,900	3,605	2,436	2,436
Interest Earnings	530,740	454,500	489,343	461,000
Other Financing Sources:				
Transfers In/Fund Balance	-	2,036,083	-	1,069,209
Miscellaneous	81,699	39,352	83,368	65,000
Total Revenues/Other Financing Sources & Appropriated Fund Balance	\$ 11,679,858	\$ 13,243,652	\$ 11,146,028	\$ 11,889,294

STREETS FUND**REVENUES**

Streets Fund - Revenues and Other Sources

Revenue Sources:	2007-2008	2008-2009		2009-2010
	Actual	Budget	Estimated	Adopted
Taxes:				
HURF	\$ 1,025,467	\$ 993,272	\$ 871,647	\$ 785,832
LTAF	50,541	49,560	49,560	49,606
Interest Earnings	105,619	96,605	99,500	82,114
Other Financing Sources:				
Transfers In/Fund Balance	-	834,564	-	707,450
Miscellaneous	37,791	-	-	-
Total Revenues/Other Financing Sources & Appropriated Fund Balance	\$ 1,219,418	\$ 1,974,001	\$ 1,020,707	\$ 1,625,002

DEVELOPMENT IMPACT FEES	REVENUES
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Development Impact Fees Fund - Revenues and Other Sources

Revenue Sources:	2007-2008	2008-2009		2009-2010
	Actual	Budget	Estimated	Adopted
Building Permits:				
Storm Drainage	\$ 12,907	\$ 28,897	\$ 4,649	\$ 4,205
General/Public Facilities	15,302	15,294	3,751	3,500
Parks & Open Spaces	133,529	168,080	56,472	157,256
Law Enforcement	17,709	13,458	5,465	8,973
Streets & Signals	185,027	153,583	147,706	152,669
Interest Earnings	97,841	78,957	86,785	85,897
Other Financing Sources:				
Transfers In	-	145,731	-	-
Miscellaneous	497	-	-	-
Total Revenues/Other Financing Sources & Appropriated Fund Balance	\$ 462,812	\$ 604,000	\$ 304,828	\$ 412,500

CAPITAL IMPROVEMENT FUND

REVENUES

Capital Improvment Fund - Revenues and Other Sources

Revenue Sources:	2007-2008	2008-2009		2009-2010
	Actual	Budget	Estimated	Adopted
Taxes				
City Sales Tax [1/2%]	\$ 2,059,173	\$ 1,964,037	\$ 2,002,340	\$ 2,002,340
Debt / Financing	-	5,654,000	3,402,333	1,435,084
Interest Earnings	222,208	280,000	198,768	150,000
Other Financing Sources:				
Donations/Other Participation	294,578	2,000,000	-	-
Grants	-	100,000	-	1,180,000
Transfers In/Fund Balance	76,168	1,148,391	100,622	453,122
Miscellaneous	8,577	500	169,000	-
Total Revenues/Other Financing Sources & Appropriated Fund Balance	\$ 2,660,704	\$ 11,146,928	\$ 5,873,063	\$ 5,220,546

ENTERPRISE FUND

REVENUES

Wastewater Enterprise - Revenues and Other Sources

Revenue Sources:	2007-2008	2008-2009		2009-2010
	Actual	Budget	Estimated	Adopted
City Sales Tax	\$ 5,683,318	\$ 5,420,743	\$ 5,526,458	\$ 5,526,458
Fines and Forfeitures	7,250	3,000	11,842	432
User Fees/Service Charges	3,271,140	3,252,422	3,322,389	3,296,047
Capacity Fees & Permits	364,864	327,000	310,788	206,883
Interest Earnings	1,423,115	1,140,000	1,175,628	839,334
Other Financing Sources:				
Transfers In/Fund Balance	-	9,899,768	-	6,156,757
Miscellaneous	4,876	121,161	7,983	121,161
Proceeds from Bonds	45,000	4,635,000	4,106,745	4,182,023
Total Revenues/Other Financing Sources & Appropriated Fund Balance	\$ 10,799,563	\$ 24,799,094	\$ 14,461,833	\$ 20,329,095

Long-Term Financial Plan

Key Assumptions:

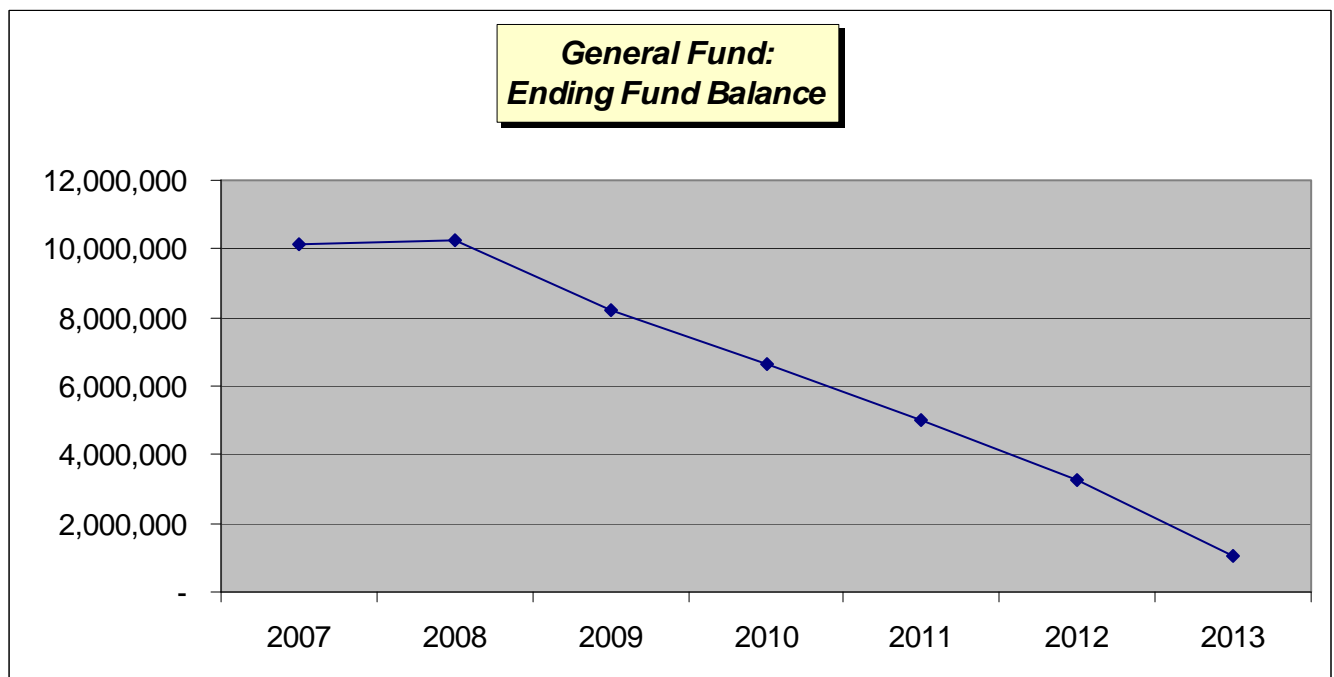
General Fund:

Revenues

- ❑ City Sales and Bed Tax projections have been decreased approximately 12% over last year's receipts due to the construction on SR-179 and national economic concerns. At completion of construction, staff is projecting that the City Sales and Bed Tax will rebound with incremental increases projected for future years.
- ❑ Staff has projected State Shared revenues will decrease but not be eliminated in the near future.
- ❑ No new taxes or increased taxes assumed.
- ❑ Interest is based on 1.5% to 3% of the average projected balance of the reserves in each Fund.

Expenditures

- ❑ Assumes departments will add staff during the next five years for current services - notable increases are in Police, Community Development and Parks.
- ❑ Assumes City will participate in multiple planning efforts.
- ❑ Assumes potential increases in not-for-profit funding.
- ❑ Per year, assumes a 3% merit increase and 2% cost of living increase in salaries.



Long-Term Financial Plan

Key Assumptions:

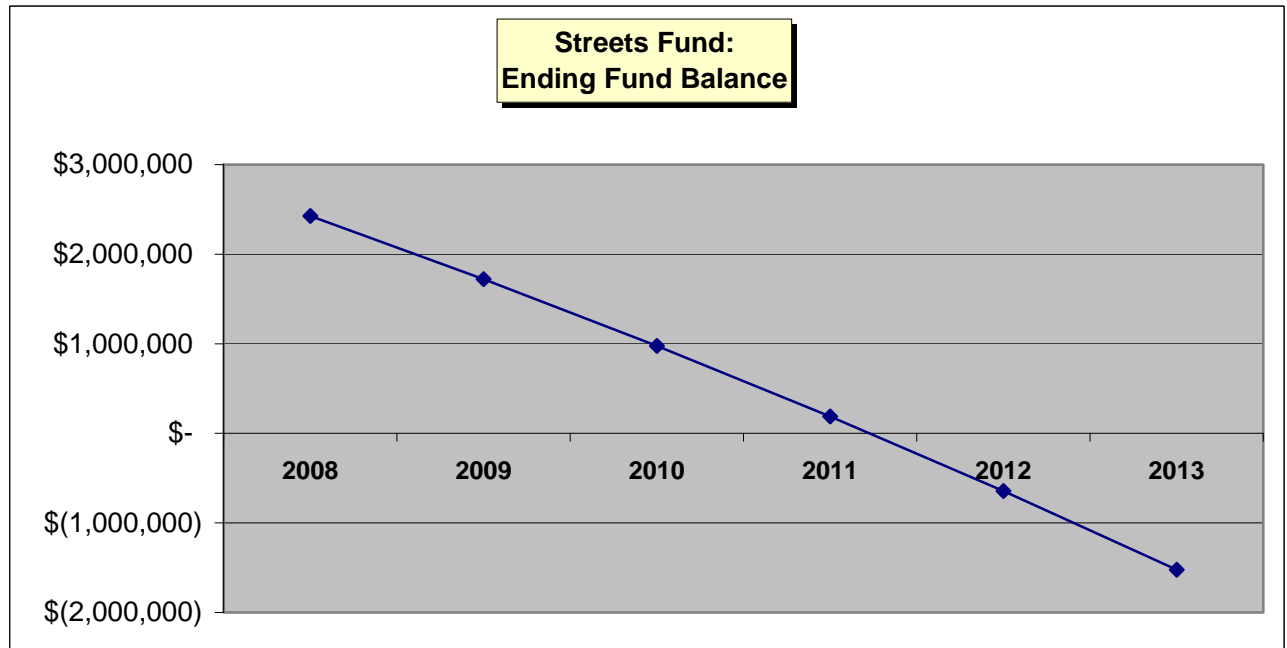
Streets Fund:

Revenues

- ❑ State Shared revenues (LTAF and HURF) will not be eliminated.
- ❑ HURF decreased slightly in FY 2009 and is expected to remain flat over the next few years.
- ❑ LTAF remained flat in FY 2009 and is projected to decrease up to 3% per year over the next 3 to 5 years.

Expenditures

- ❑ The City will continue to contract for the majority of street maintenance work through 2011, and continue to review the necessity of adding staff periodically for right-of-way maintenance purposes.
- ❑ Staff increased the anticipated scale for Street Maintenance programs over the next 5 years.



Long-Term Financial Plan

Key Assumptions:

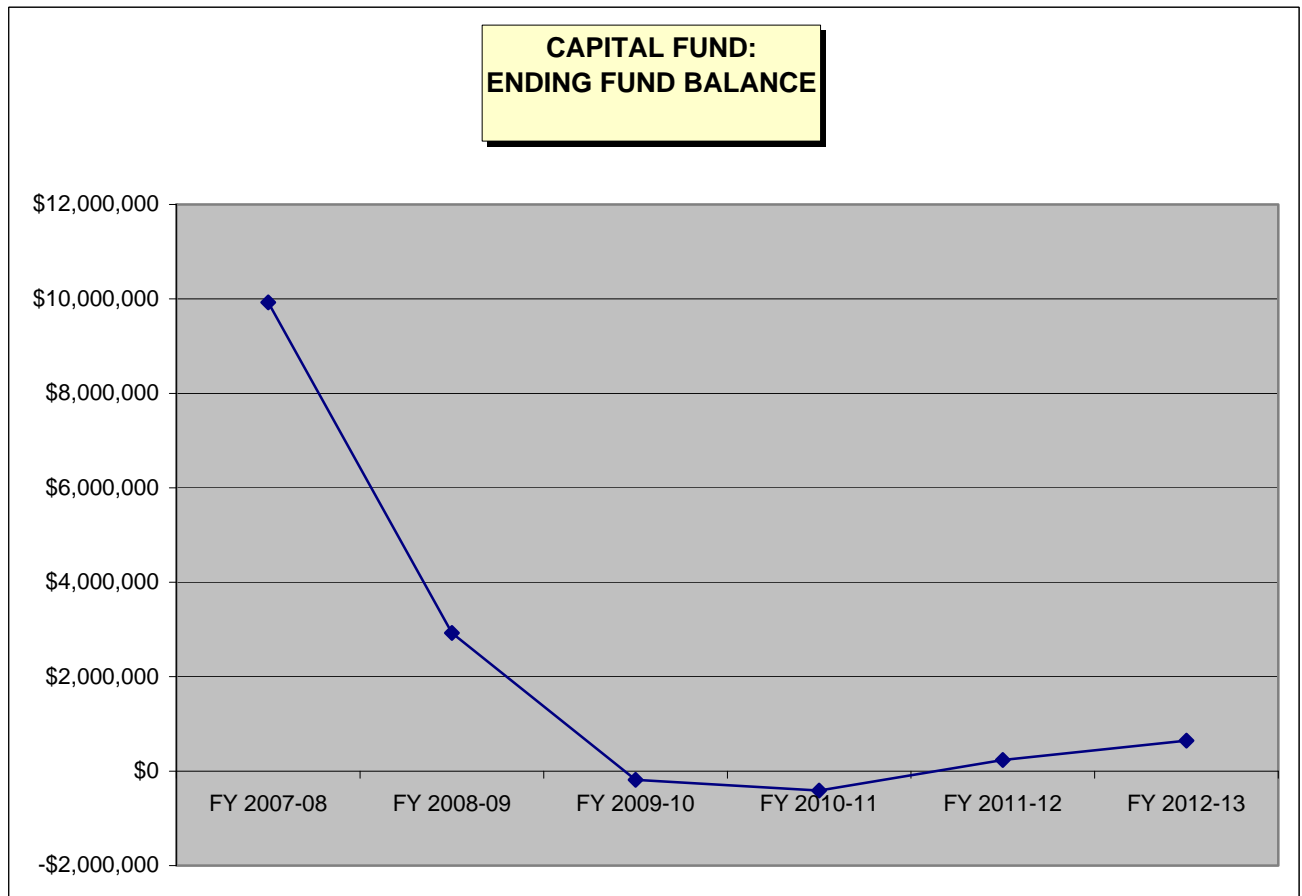
Capital Fund:

Revenues

- ❑ City Sales Tax projections - see General Fund.
- ❑ Staff is anticipating using other funding sources within the City to offset some project expenses. (i.e. CFD, DIF, Grants)
- ❑ Federal funding will be sought for long-term projects.
- ❑ Assistance from Arizona Department of Transportation (ADOT) will be used for State Route improvements.
- ❑ Interest is based on 1.5% to 3% of the average projected balance of the reserves in each Fund.

Expenditures

- ❑ All projects will be evaluated to determine need and funding levels.
- ❑ Appropriations for projects will be prioritized and matched with estimated revenues.
- ❑ Assumes City will participate in multiple planning efforts.



Long-Term Financial Plan

Key Assumptions:

Enterprise Fund:

Revenues

- ❑ City Sales Tax projections - see General Fund.
- ❑ City Sales Tax (1-3/8%) and all capacity fees and other revenues relating to capacity fees will be used solely for Wastewater capital projects and debt service.
- ❑ Interest is based on 1.5% to 3% of the average projected balance of the reserves in each Fund.

Expenditures

- ❑ Use of reserves was planned for some major projects.
- ❑ Most of these projects will fall off after year 3.

